

**DIRECTORS' REPORT ON BBC**

*(Prepared for the inclusion in this Circular)*

**Registered Office:**

16<sup>th</sup> Floor, Menara Summit  
Persiaran Kewajipan, USJ 1  
47600 UEP Subang Jaya  
Selangor Darul Ehsan

3 November 2000

The Shareholders  
Systematic Education Group Berhad

On behalf of the Board of Directors of Berrington Bay Corporation Sdn Bhd ("BBC"), I report after due inquiry, that during the period from 31 December 1999 (being the date to which the last audited accounts of BBC and its subsidiaries and associated companies ("BBC Group") have been made up) to 3 November 2000 (being a date not earlier than fourteen days before the issue of this Circular):-

- (a) the business of BBC Group has, in the opinion of the directors, been satisfactorily maintained;
- (b) in the opinion of the directors, no circumstances have arisen which have materially and adversely affected the business and operation or value of the assets of BBC Group;
- (c) the current assets of BBC Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) no contingent liability has arisen by reason of any guarantees given by the BBC Group; and
- (e) there have been no changes in the published reserves or any unusual factors affecting the profit of BBC Group since the last audited accounts of BBC Group.

Yours faithfully  
On behalf of the Board of Directors  
**Berrington Bay Corporation Sdn Bhd**

**Kee Shih-Lene**  
Director

**DIRECTORS' REPORT ON SES**

*(Prepared for the inclusion in this Circular)*

**Registered Office:**

16<sup>th</sup> Floor, Menara Summit  
Persiaran Kewajipan, USJ 1  
47600 UEP Subang Jaya  
Selangor Darul Ehsan

3 November 2000

The Shareholders  
Systematic Education Group Berhad

On behalf of the Board of Directors of Summit Education Sdn Bhd ("SES"), I report after due inquiry, that during the period from 31 July 1999 (being the date to which the last audited accounts of SES and its subsidiaries ("SES Group") have been made up) to 3 November 2000 (being a date not earlier than fourteen days before the issue of this Circular):-

- (a) the business of SES Group has, in the opinion of the directors, been satisfactorily maintained;
- (b) in the opinion of the directors, no circumstances have arisen which have materially and adversely affected the business and operation or value of the assets of SES Group;
- (c) the current assets of SES Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) no contingent liability has arisen by reason of any guarantees given by SES Group; and
- (e) there have been no changes in the published reserves or any unusual factors affecting the profit of SES Group since the last audited accounts of SES Group.

Yours faithfully  
On behalf of the Board of Directors  
**Summit Education Sdn Bhd**

**Kee Lian Yong**  
Director

**DIRECTORS' REPORT ON SME**

*(Prepared for the inclusion in this Circular)*

**Registered Office:**

16<sup>th</sup> Floor, Menara Summit  
Persiaran Kewajipan, USJ 1  
47600 UEP Subang Jaya  
Selangor Darul Ehsan

3 November 2000

The Shareholders  
Systematic Education Group Berhad

On behalf of the Board of Directors of Summit Montessori Edu-Care Sdn Bhd ("SME"), I report after due inquiry, that during the period from 31 July 1999 (being the date to which the last audited accounts of SME and its subsidiary ("SME Group") have been made up) to 3 November 2000 (being a date not earlier than fourteen days before the issue of this Circular):-

- (a) the business of SME Group has, in the opinion of the directors, been satisfactorily maintained;
- (b) in the opinion of the directors, no circumstances have arisen which have materially and adversely affected the business and operation or value of the assets of SME Group;
- (c) the current assets of SME Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) no contingent liability has arisen by reason of any guarantees given by SME Group; and
- (e) there have been no changes in the published reserves or any unusual factors affecting the profit of SME Group since the last audited accounts of SME Group.

Yours faithfully  
On behalf of the Board of Directors  
**Summit Montessori Edu-Care Sdn Bhd**

**Dr. Tan Beng Cheok**  
Director

**DIRECTORS' REPORT ON RMSB**

*(Prepared for the inclusion in this Circular)*

**Registered Office:**

16<sup>th</sup> Floor, Menara Summit  
Persiaran Kewajipan, USJ 1  
47600 UEP Subang Jaya  
Selangor Darul Ehsan

3 November 2000

The Shareholders  
Systematic Education Group Berhad

On behalf of the Board of Directors of Rekaan Medianet Sdn Bhd ("RMSB"), I report after due inquiry, that during the period from 15 October 1999 (being the date of incorporation) to 3 November 2000 (being a date not earlier than fourteen days before the issue of this Circular):-

- (a) the business of RMSB Group has, in the opinion of the directors, been satisfactorily maintained;
- (b) in the opinion of the directors, no circumstances have arisen which have materially and adversely affected the business and operation or value of the assets of RMSB Group;
- (c) the current assets of RMSB Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) no contingent liability has arisen by reason of any guarantees given by RMSB Group; and
- (e) there have been no changes in the published reserves or any unusual factors affecting the profit of RMSB Group since the last audited accounts of RMSB Group.

Yours faithfully  
On behalf of the Board of Directors  
**Rekaan Medianet Sdn Bhd**

**Tan Sin Kean**  
Director

**PROFIT ESTIMATE OF SEG FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2000  
TOGETHER WITH THE UNDERLYING ASSUMPTIONS AND THE AUDITORS' LETTER  
THEREON**

*(Prepared for inclusion in this Circular)*



KPMG (Firm No. AF 0758)  
Public Accountants  
Wisma KPMG  
Jalan Dungun, Damansara Heights  
50490 Kuala Lumpur, Malaysia

P.O. Box 10047  
50702 Kuala Lumpur  
Malaysia

Tel + (603) 255 3388  
Fax + (603) 255 0971

The Board of Directors  
Systematic Education Group Berhad  
11th Floor, Wisma Damansara  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur

3 November 2000

Dear Sirs

**Reporting Accountants' Letter on the Consolidated Profit Estimate for the Year  
Ending 31 December 2000**

We have reviewed the accounting policies and calculations for the consolidated profit estimate of Systematic Education Group Berhad (hereinafter referred to as "SEG") and its subsidiary companies (hereinafter referred to as "SEG Group") for which the Directors are solely responsible, for the year ending 31 December 2000, as set out in Appendix A, prepared for the sole purpose of inclusion in the Circular to Shareholders of Systematic Education Group Berhad ("SEG") to be dated 10 November 2000 in connection with SEG's Corporate Proposals which comprise the following:-

- (i) Proposed acquisition by SEG of 11,773,002 ordinary shares of RM1.00 each in Berrington Bay Corporation Sdn Bhd ("BBC") representing the existing 100% equity interest therein for a purchase consideration of RM36,814,800 to be satisfied by the issuance of 24,543,200 new ordinary shares of RM1.00 each in SEG ("SEG New Shares") at an issue price of RM1.50 per SEG New Share;
- (ii) Proposed acquisition by SEG of Y. Bhg. Dato' Haji Megat Najmuddin bin Dato' Seri (Dr) Haji Megat Khas ("Dato' Megat")'s right to receive 2,617,544 new ordinary shares of RM1.00 each in BBC (to be issued and valued at RM8,185,200) pursuant to the proposed acquisition by BBC of the remaining 30% equity interest in Organizational Resources Sdn Bhd ("ORSB") in exchange thereof by the issuance of 5,456,800 SEG New Shares at an issue price of RM1.50 per SEG New Share;

*(i) and (ii) are collectively referred to as the Proposed Acquisition of BBC*

- (iii) Proposed acquisition by SEG of 13,791,633 ordinary shares of RM1.00 each in Summit Education Sdn Bhd ("SES") which represents 98.51% equity interest therein. The purchase consideration shall be RM13,791,633 on the basis of acquisition of 98.51% equity interest therein which will be satisfied by the issuance of 9,194,422 SEG New Shares at an issue price of RM1.50 per SEG New Share;



KPMG, KPMG, a partnership established under Malaysian law, is a member of KPMG International, a Swiss association.

- (iv) Proposed acquisition by SEG of 1,350,002 ordinary shares of RM1.00 each in Summit Montessori Edu-Care Sdn Bhd (“SME”) representing 100% equity interest therein for a purchase consideration of RM6,500,000 to be satisfied by the issuance of 4,333,333 SEG New Shares at an issue price of RM1.50 per SEG New Share;
- (v) Proposed acquisition by SEG of 500,000 shares of RM1.00 each in Rekaan Medianet Sdn Bhd (“RMSB”) representing 100% equity interest therein for a purchase consideration of RM500,000 to be satisfied by the issuance of 333,333 SEG New Shares at an issue price of RM1.50 per SEG New Share;

*The acquisitions in (i) to (v) above are hereinafter referred to as the Proposed Acquisition of Acquiree Companies.*

- (vi) Proposed acquisition of two (2) 12-storey blocks, identified as developer’s plot nos. B02/G to B02/11 and B01/G to B01/11 situated at Phileo Damansara, Jalan Damansara, Kuala Lumpur for a purchase consideration of RM13,000,000 to be satisfied by the issuance of 8,666,667 SEG New Shares at an issue price of RM1.50 per SEG New Share (“Proposed Acquisition of Office Buildings”).

The Proposed Acquisition of Acquiree Companies and Proposed Acquisition of Office Buildings are hereinafter referred to as the Proposed Acquisitions. The Company wishes to undertake the following proposals:

- (vii) Proposed bonus issue of 7,600,000 SEG New Shares on the basis of two (2) SEG New Shares for every five (5) SEG Shares held (“Proposed Bonus Issue”);
- (viii) Proposed increase in authorised share capital from RM20,000,000 comprising 20,000,000 SEG Shares of RM1.00 each to RM100,000,000 comprising 100,000,000 SEG Shares of RM1.00 each; and
- (ix) Proposed waiver to Kumpulan Emas Bhd (“KEB”), Datin Mah Ming Yuet and Kee Shih-Lene, the principal vendors of the acquiree companies, referred to in paragraphs (i) to (v) above from having to undertake a mandatory general offer for the remaining shares in SEG not held by them after the Proposed Acquisitions (“Proposed Waiver”).



In our opinion, the consolidated profit estimate (as set out in Appendix A), so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the principal assumptions made by the Directors (as set out in Appendix B) and is presented on a basis consistent with the accounting policies normally adopted by the SEG Group.

Yours faithfully

**KPMG**

Firm Number: AF 0758

Public Accountants

**GNANACHANDRAN A/L S AYADURAI**

Partner

Approval Number: 1722/9/01(J)

**SYSTEMATIC EDUCATION GROUP BERHAD  
AND ITS SUBSIDIARY COMPANIES**

**CONSOLIDATED PROFIT ESTIMATE FOR THE YEAR ENDING  
31 DECEMBER 2000**

Barring unforeseen circumstances, the Directors estimate that the consolidated profit after taxation and minority interest of Systematic Education Group Berhad and its subsidiaries (“SEG Group”) before and after the corporate proposals for the financial year ending 31 December 2000 will be as follows :

	<b>Before Proposals and before Proposed Bonus Issue</b>	<b>Before Proposals and after Proposed Bonus Issue</b>	<b>After Proposed Bonus Issue and after Proposals</b>
Profit estimate after taxation and minority interest for the financial year ending 31 December 2000 (RM'000)	4,943*	4,943*	5,302*
Weighted average number of shares in issue ('000)	19,000	26,600**	30,977
Estimated net earnings per share (sen)	26.01	18.58	17.12

\* Includes an exceptional gain of RM1.295 million from disposal of property.

\*\*Includes Proposed Bonus Issue of 7,600,000 SEG new shares.



**SYSTEMATIC EDUCATION GROUP BERHAD  
AND ITS SUBSIDIARY COMPANIES**

**CONSOLIDATED PROFIT ESTIMATE FOR THE YEAR ENDING  
31 DECEMBER 2000**

The principal bases and assumptions upon which the above consolidated profit estimate after taxation, exceptional item and minority interest have been made are set below:-

1. There will be no material changes in the present legislation or government regulations including direct or indirect taxes and duties, which will adversely affect the activities of SEG Group or the markets in which it operates.
2. There will be no significant changes in the political, economic and market conditions in Malaysia and elsewhere that will adversely affect the activities of SEG Group and the demand, saleability and pricing of its products.
3. There will be no significant changes in the current principal activities, composition and structure of SEG Group.
4. There will be no significant changes in the existing accounting, management and operation policies of the SEG Group that will adversely affect the activities and performance of the SEG Group.
5. There will be no significant changes in the staff cost and other operating cost which will adversely affect the SEG Group's performance.
6. Existing financing facilities will remain available to SEG Group and interest rates will not change significantly from those presently prevailing.
7. Inflation rates and exchange rates of foreign currencies will not change materially from their current levels.
8. Capital expenditure plans will be implemented as scheduled.
9. New courses and programmes offered will be approved by the relevant authorities and commence as scheduled.
10. Courses and programmes in affiliation with local and international universities and institutions will continue to be offered.
11. New courses and programmes introduced will obtain market acceptance
12. Nursery schools will commence operations as planned.
13. SEG Group adopts the acquisition basis of accounting for the consolidation of the results of its subsidiary companies.
14. Goodwill arising on consolidation will be amortised over 25 years from the date of acquisition.
15. Estimated expenses for the Corporate Proposals of RM1.2 million will be set-off against the share premium account.
16. The proposed Corporate Proposals will be completed by 30 November 2000. Profits from Acquiree Companies are assumed to accrue evenly.

**PROFORMA CONSOLIDATED BALANCE SHEET OF SEG AS AT 31 DECEMBER 1999  
TOGETHER WITH THE NOTES AND THE AUDITORS' LETTER THEREON**

*(Prepared for inclusion in this Circular)*



KPMG (Firm No. AF 0758)  
Public Accountants  
Wisma KPMG  
Jalan Dungun, Damansara Heights  
50490 Kuala Lumpur, Malaysia

P.O. Box 10047  
50702 Kuala Lumpur  
Malaysia

Tel + (603) 255 3388  
Fax + (603) 255 0971

The Board of Directors  
Systematic Education Group Berhad  
11th Floor, Wisma Damansara  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur

3 November 2000

Dear Sirs

**Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets as at 31 December 1999**

We have reviewed the presentation of the Proforma Consolidated Balance Sheets of Systematic Education Group Berhad (hereinafter referred to as "SEG") and its subsidiary companies (hereinafter referred to as "SEG Group") for which the Directors are solely responsible, as at 31 December 1999, as set out in Appendix A, prepared for the sole purpose of inclusion in the Circular to Shareholders of Systematic Education Group Berhad ("SEG") to be dated 10 November 2000 in connection with SEG's Corporate Proposals which comprise the following:-

- (i) Proposed acquisition by SEG of 11,773,002 ordinary shares of RM1.00 each in Berrington Bay Corporation Sdn Bhd ("BBC") representing the existing 100% equity interest therein for a purchase consideration of RM36,814,800 to be satisfied by the issuance of 24,543,200 new ordinary shares of RM1.00 each in SEG ("SEG New Shares") at an issue price of RM1.50 per SEG New Share;
- (ii) Proposed acquisition by SEG of Y. Bhg. Dato' Haji Megat Najmuddin bin Dato' Seri (Dr) Haji Megat Khas ("Dato' Megat")'s right to receive 2,617,544 new ordinary shares of RM1.00 each in BBC (to be issued and valued at RM8,185,200) pursuant to the proposed acquisition by BBC of the remaining 30% equity interest in Organizational Resources Sdn Bhd ("ORSB") in exchange thereof by the issuance of 5,456,800 SEG New Shares at an issue price of RM1.50 per SEG New Share;

*(i) and (ii) are collectively referred to as the Proposed Acquisition of BBC*

- (iii) Proposed acquisition by SEG of 13,791,633 ordinary shares of RM1.00 each in Summit Education Sdn Bhd ("SES") which represents 98.51% equity interest therein. The purchase consideration shall be RM13,791,633 on the basis of acquisition of 98.51% equity interest therein which will be satisfied by the issuance of 9,194,422 SEG New Shares at an issue price of RM1.50 per SEG New Share;



KPMG, KPMG, a partnership established under Malaysian law, is a member of KPMG International, a Swiss association.

- (iv) Proposed acquisition by SEG of 1,350,002 ordinary shares of RM1.00 each in Summit Montessori Edu-Care Sdn Bhd (“SME”) representing 100% equity interest therein for a purchase consideration of RM6,500,000 to be satisfied by the issuance of 4,333,333 SEG New Shares at an issue price of RM1.50 per SEG New Share;
- (v) Proposed acquisition by SEG of 500,000 shares of RM1.00 each in Rekaan Medianet Sdn Bhd (“RMSB”) representing 100% equity interest therein for a purchase consideration of RM500,000 to be satisfied by the issuance of 333,333 SEG New Shares at an issue price of RM1.50 per SEG New Share;

*The acquisitions in (i) to (v) above are hereinafter referred to as the Proposed Acquisition of Acquiree Companies.*

- (vi) Proposed acquisition of two (2) 12-storey blocks, identified as developer’s plot nos. B02/G to B02/11 and B01/G to B01/11 situated at Phileo Damansara, Jalan Damansara, Kuala Lumpur for a purchase consideration of RM13,000,000 to be satisfied by the issuance of 8,666,667 SEG New Shares at an issue price of RM1.50 per SEG New Share (“Proposed Acquisition of Office Buildings”).

The Proposed Acquisition of Acquiree Companies and Proposed Acquisition of Office Buildings are hereinafter referred to as the Proposed Acquisitions. The Company wishes to undertake the following proposals:

- (vii) Proposed bonus issue of 7,600,000 SEG New Shares on the basis of two (2) SEG New Shares for every five (5) SEG Shares held (“Proposed Bonus Issue”);
- (viii) Proposed increase in authorised share capital from RM20,000,000 comprising 20,000,000 SEG Shares of RM1.00 each to RM100,000,000 comprising 100,000,000 SEG Shares of RM1.00 each; and
- (ix) Proposed waiver to Kumpulan Emas Bhd (“KEB”), Datin Mah Ming Yuet and Kee Shih-Lene, the principal vendors of the acquiree companies, referred to in paragraphs (i) to (v) above from having to undertake a mandatory general offer for the remaining shares in SEG not held by them after the Proposed Acquisitions (“Proposed Waiver”).



In our opinion, the Proforma Consolidated Balance Sheets as set out in Appendix A, have been prepared for illustrative purposes only and have been prepared on a basis consistent with the accounting policies normally adopted by SEG Group and the accompanying notes as set out in Appendix B.

Yours faithfully

**KPMG**  
Firm Number: AF 0758  
Public Accountants

**GNANACHANDRAN A/L S AYADURAI**  
Partner  
Approval Number: 1722/9/01(J)

**SYSTEMATIC EDUCATION GROUP BERHAD  
AND ITS SUBSIDIARY COMPANIES**

**CONSOLIDATED PROFORMA BALANCE SHEETS  
AS AT 31 DECEMBER 1999**

**PROFORMA BALANCE SHEETS OF PROPOSED ACQUISITIONS  
BASED ON SYSTEMATIC EDUCATION GROUP BERHAD'S AUDITED BALANCE SHEET AS AT 31.12.99.**

	(a)	(b)	(c)	(d)	(e)	(f) and Note 1
Systematic Group RM'000	After Bonus Issue RM'000	After (a) and proposed acquisition of BBC Group RM'000	After (b) and proposed acquisition of SES Group RM'000	After (c) and proposed acquisition of SME Group RM'000	After (d) and proposed acquisition of RMSBGroup RM'000	After (e) and proposed acquisition of properties RM'000
FIXED ASSETS	36,197	36,197	67,574	77,450	77,811	90,811
INVESTMENT IN ASSOCIATES			5,076	5,076	5,076	5,076
OTHER INVESTMENTS	54	54	54	54	54	54
GOODWILL	-	-	17,415	23,727	29,719	29,719
<b>CURRENT ASSETS</b>						
Stocks	302	302	302	302	302	302
Trade Debtors	-	-	-	199	199	199
Other Debtors and Prepayments	1,568	1,568	3,799	4,014	4,372	4,372
Fixed Deposits	1,279	1,279	1,418	1,418	1,418	1,418
Cash and bank balances	2,628	2,628	2,818	2,936	2,955	2,255
	<u>5,777</u>	<u>5,777</u>	<u>8,337</u>	<u>8,669</u>	<u>9,246</u>	<u>8,546</u>
<b>LESS:CURRENT LIABILITIES</b>						
Trade Creditors	-	-	283	283	283	283
Other Creditors and Accruals	4,164	4,164	9,737	12,447	12,673	12,694
Hire purchase and lease creditors	338	338	573	599	599	599
Term loan	283	283	344	344	395	395
Provision for taxation	671	671	901	901	901	901
Proposed dividend	1,900	1,900	1,900	1,900	1,900	1,900
Bank overdraft	9	9	94	94	94	94
	<u>7,365</u>	<u>7,365</u>	<u>13,832</u>	<u>16,568</u>	<u>16,845</u>	<u>16,866</u>
Net Current Liabilities	(1,588)	(1,588)	(5,495)	(7,699)	(7,599)	(8,320)
<b>EXPENDITURE CARRIED FORWARD AT COST</b>						
	<u>108</u>	<u>108</u>	<u>108</u>	<u>108</u>	<u>194</u>	<u>215</u>
	<u>34,771</u>	<u>34,771</u>	<u>84,732</u>	<u>98,716</u>	<u>105,255</u>	<u>117,555</u>
Financed by :						
SHARE CAPITAL	19,000	26,600	56,600	65,794	70,128	79,128
SHARE PREMIUM	543	-	15,000	19,598	21,765	25,065
REVALUATION RESERVE	3,452	3,452	3,452	3,452	3,452	3,452
UNAPPROPRIATED PROFIT	10,370	3,313	3,313	3,313	3,313	3,313
OTHER RESERVES	-	-	-	-	-	-
Shareholders Funds	<u>33,365</u>	<u>33,365</u>	<u>78,365</u>	<u>92,157</u>	<u>98,658</u>	<u>110,958</u>
MINORITY INTERESTS	167	167	324	454	454	454
HIRE PURCHASE AND LEASE CREDITORS	79	79	258	320	320	320
TERM LOANS	-	-	4,625	4,625	4,663	4,663
DEFERRED TAXATION	1,160	1,160	1,160	1,160	1,160	1,160
	<u>34,771</u>	<u>34,771</u>	<u>84,732</u>	<u>98,716</u>	<u>105,255</u>	<u>117,555</u>
	-	-	-	0	0	-
NTA	33,257	33,257	60,842	68,322	68,745	81,024
No of shares in issue ('000)	19,000	26,600	56,600	65,794	70,128	79,128
NTA per share (RM)	1.75	1.25	1.07	1.04	0.98	1.02

**Note 1 : Includes the effect of setting-off estimated expenses of RM1.2 million in relation to the Corporate Proposals against the share premium account.**

**SYSTEMATIC EDUCATION GROUP BERHAD  
AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS  
AS AT 31 DECEMBER 1999**

**1. Proposed Acquisitions**

SEG proposes to undertake the following transactions:

**1.1 Proposed Bonus Issue**

Proposed Bonus Issue of 7,600,000 new ordinary shares of RM1.00 each in SEG ("SEG New Shares") on the basis of two (2) SEG New Shares for every five (5) SEG Shares held;

**1.2 Proposed Acquisition of BBC**

Proposed acquisition by the Company of 11,773,002 ordinary shares of RM1.00 each in BBC representing the existing 100% equity interest therein for a purchase consideration of RM36,814,800 to be satisfied by the issuance of 24,543,200 SEG New Shares at an issue price of RM1.50 per SEG New Share.

Proposed acquisition by the Company of Dato' Megat's right to receive 2,617,544 new ordinary shares of RM1.00 each in BBC (to be issued and valued at RM8,185,200) pursuant to the proposed acquisition by BBC of the remaining 30% equity interest in ORSB in exchange thereof by the issuance of 5,456,800 SEG New Shares at an issue price of RM1.50 per SEG New Share;

**1.3 Proposed Acquisition of SES**

Proposed acquisition by the Company of 13,791,633 ordinary shares of RM1.00 each in SES which represents 98.51% equity interest therein. The purchase consideration shall be RM13,791,633 on the basis of acquisition of 98.51% equity interest therein which will be satisfied by the issuance of 9,194,422 SEG New Shares at an issue price of RM1.50 per SEG New Share.

**1.4 Proposed Acquisition of SME**

Proposed acquisition by the Company of 1,350,002 ordinary shares of RM1.00 each in SME representing 100% equity interest therein for a purchase consideration of RM6,500,000 to be satisfied by the issuance of 4,333,333 SEG New Shares at an issue price of RM1.50 per SEG New Share.

1.5 Proposed Acquisition of RMSB

Proposed acquisition by the Company of 500,000 shares of RM1.00 each in RMSB representing 100% equity interest therein for a purchase consideration of RM500,000 to be satisfied by the issuance of 333,333 SEG New Shares at an issue price of RM1.50 per SEG New Share.

1.6 Proposed Acquisition of Office Buildings

Proposed acquisition of two (2) 12-storey blocks, identified as developer's plot nos. B 02/G to B 02/11 and B01/G to B01/11 situated at Phileo Damansara, Jalan Damansara, Kuala Lumpur for a purchase consideration of RM13,000,000 to be satisfied by the issuance of 8,666,667 SEG New Shares at an issue price of RM1.50 per SEG New Share.

**2. Basis of preparation**

2.1 The consolidated balance sheet of SEG as at 31 December 1999 is extracted from the audited accounts.

2.2 The Proforma Consolidated Balance Sheets have been prepared based on the accounting policies and bases consistent with those normally adopted by SEG in the preparation of audited accounts except for goodwill arising on consolidation which will be amortised over 25 years from the date of acquisition.

The consolidated balance sheets of all the acquiree companies have been consolidated into the Proforma Consolidated Balance Sheet of SEG using acquisition accounting.

The estimated expenses of RM1.2 million in relation to the corporate proposals will be set-off against the share premium account.

2.3 The Proforma Consolidated Balance Sheets have been adjusted to reflect the effects of the following transactions:

**Proforma (a) – Proposed Bonus Issue**

Proforma (a) incorporates the effects of the Proposed Bonus Issue, as described in paragraph 1.1 above.

### **Proforma (b) – Proposed Acquisition of BBC**

Proforma (b) incorporates the effects of Proforma (a) and the Proposed Acquisition of BBC as described in paragraph 1.2 above.

The consolidated balance sheet of BBC is based on the audited accounts of BBC Group as at 31 December 1999 after taking into account the proposed acquisition of the remaining 30% equity in ORSB, a 70% owned subsidiary of BBC, for a purchase consideration of RM8,185,200 through the issue of 2,617,544 new ordinary BBC shares of approximately RM3.13 per share in settlement of the purchase consideration pursuant to the proposed acquisition of Dato' Megat's right to allotment.

The audited accounts of BBC Group as at 31 December 1999 also includes investment in Palm Leisure Sdn Bhd ("PLSB"), a 30% owned associated company of BBC. The investment in PLSB comprise cost of investment of RM3.6 million and amount due from PLSB of RM1.5 million.

### **Proforma (c) – Proposed Acquisition of SES**

Proforma (c) incorporates the effects of Proforma (b) and the Proposed Acquisition of SES as described in paragraph 1.3 above.

The consolidated balance sheet of SES is based on the audited accounts of SES Group as at 31 July 1999 after taking into account the following:

- (i) its wholly owned subsidiary, Binary Mark Sdn Bhd's ("BMSB") unaudited balance sheet as at 31 October 1999 to reflect the purchase of property for a sum of RM9,400,000 pursuant to a Sale & Purchase Agreement entered into with Pujian Development Sdn Bhd (a wholly owned subsidiary of KEB) on 21 October 1999. The said property comprise a 5 ½ storey office block identified as Block A with a floor area of 3,020.30 sq. ft. located at The Summit, Sri Kembangan, Selangor. The purchase consideration for the said property was arrived at on a willing buyer and willing seller basis.
- (ii) issue of 10,000,000 new SES ordinary shares of RM1.00 per share to reflect the enlarged share capital of SES.



#### **Proforma (d) – Proposed Acquisition of SME**

Proforma (d) incorporates the effects of Proforma (c) and the Proposed Acquisition of SME as described in paragraph 1.4 above.

The consolidated balance sheet of SME is based on the audited accounts of SME and its wholly owned subsidiary, Montessori Focus Sdn Bhd as at 31 July 1999 after taking into account the fully paid shares of SME in October 1999.

#### **Proforma (e) – Proposed Acquisition of RMSB**

Proforma (e) incorporates the effects of Proforma (d) and the Proposed Acquisition of RMSB as described in paragraph 1.5 above.

The consolidated balance sheet of RMSB is based on unaudited accounts of RMSB as at 31 October 1999 and audited accounts of Sadec-KE Utilities Corporation Sdn Bhd (“Sadec-KE”) as at 31 July 1999 after taking into account the issue of 499,998 new Sadec-KE ordinary shares to RMSB at RM1.00 per share.

#### **Proforma (f) – Proposed Acquisition of Office Buildings**

Proforma (f) incorporates the effects of Proforma (e) and the Proposed Acquisition of Office Buildings as described in paragraph 1.6 above.

The office buildings have been valued by a professional valuer, Azmi and Co Sdn Bhd on 10 February 2000 at RM14,600,000. However, the Securities Commission vide their letter dated 4 September 2000 had approved the Proposed Acquisition of Office Buildings subject to the reduction in the purchase consideration to RM13 million. The office buildings have been incorporated into the Proforma Consolidated Balance Sheets of SEG based on RM13 million as approved.

- 2.4 The Proforma Consolidated Balance Sheets of SEG assume that the provision for taxation is adequate.
- 2.5 The audited accounts mentioned in paragraph 2.3 were reported without qualifications by the auditors of the respective companies and have been presented on the basis similar with the accounting policies normally adopted by SEG Group.

### 3. Movements in share capital and share premium

The movements in the issued and paid-up share capital and share of SEG resulting from the implementation of the Proposed Bonus Issue and Proposed Acquisitions are detailed below:

	<i>Share capital</i> <i>RM'000</i>	<i>Share premium</i> <i>RM'000</i>
As shown in SEG audited accounts as at 31 December 1999	19,000	543
Issue of shares:		
Proforma (a) – Bonus issue	7,600	(543)
Proforma (b)	30,000	15,000
Proforma (c)	9,194	4,598
Proforma (d)	4,334	2,167
Proforma (e)	333	167
Proforma (f)	8,667	4,333
Estimated expenses for the corporate proposals		(1,200)
As shown in Proforma (f)	79,128	25,065

### 4. Movement in Unappropriated profit

	<i>RM'000</i>
As shown in SEG audited accounts as at 31 December 1999	10,370
Proforma (a) – Bonus issue	(7,057)
As shown in Proforma (f)	3,313